

West Baton Rouge Parish
Water Works District Number 1

(A Component unit of the West Baton Rouge Parish Council)

FINANCIAL STATEMENTS AND SUPPLEMENTAL MATERIAL

January 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 05 2012

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West Baton Rouge Parish Water Works

District Number 1

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Port Allen, La. 70767

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Management's Discussion and Analysis

As management of the West Baton Rouge Parish Water District No. 1, we found it in the best interest of the customers to dissolve the District and consolidate with West Baton Rouge Parish Natural Gas & Water Systems. A resolution of no objection to closing the District was passed on January 5, 2012 at the West Baton Rouge Parish Water District No. 1 board meeting. On January 26, 2012, the West Baton Rouge Parish Council voted unanimously and passed an ordinance to Abolish the District. The West Baton Rouge Parish Water District No. 1 became part of the West Baton Rouge Parish Natural Gas & Water Systems as of February 1, 2012.

As management of the West Baton Rouge Parish Water District No. 1 we offer readers of the District's financial statements this narrative overview of the financial statements of the District for the fiscal period ended January 31, 2012.

Financial Highlights

The assets of the West Baton Rouge Parish Water District No. 1 exceeded its liabilities at January 31, 2012 by \$1,036,594 (net assets). Of this amount, \$584,909 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The District's total net assets increased by \$19,253. The increase is due to more efficient management of the District's resources.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the West Baton Rouge Parish Water District No. 1 basic financial statements. The District's basic financial statements comprise two components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Proprietary Fund Financial Statements

The *proprietary fund financial statements* are designed to provide readers with a broad overview of West Baton Rouge Parish Water District No. 1 finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time,

increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues expenditures and changes in net assets* present information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The West Baton Rouge Parish Water District No. 1, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The District uses only enterprise funds to account for its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the West Baton Rouge Parish Water District No. 1.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the West Baton Rouge Parish Water District No. 1, assets exceeded liabilities by \$1,036,594 at the close of the most recent fiscal year.

By far, the largest portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending.

West Baton Rouge Parish Water District No. 1

Table 1

Net Assets

ASSETS	January 31	December 31
	2012	2010
Current and other assets	766,204	722,923
Capital Assets	<u>451,685</u>	<u>472,493</u>
Total Assets	<u>1,217,889</u>	<u>1,195,416</u>
Current and other liabilities	<u>181,925</u>	<u>178,075</u>
Total Liabilities	<u>181,925</u>	<u>178,075</u>
Net Assets:		
Invested in capital assets, Net of related debt	<u>451,685</u>	<u>472,493</u>
Unrestricted	<u>584,909</u>	<u>544,848</u>
Total net assets	<u>1,036,594</u>	<u>1,017,341</u>

At the end of the current fiscal period, the West Baton Rouge Parish Water District No. 1 is able to report positive balances in its assets. The same situation held true for the prior fiscal year.

Key elements of this increase are as follows:

West Baton Rouge Parish Water District No. 1
Table 2
Changes in Net Assets

	Thirteen Months Ended 1/31/12	Year Ended 12/31/10
Revenues		
Program revenues		
Charges for services	176,912	159,967
Non-Operating revenue	<u>86,257</u>	<u>53,016</u>
Total Revenues	<u>263,169</u>	<u>212,983</u>
Total Expenses	<u>243,916</u>	<u>190,862</u>
Increase (decrease) in net		
Assets	<u>19,253</u>	<u>22,121</u>
Net Assets Beginning	<u>1,017,341</u>	<u>995,220</u>
Net Assets Ending	<u>1,036,594</u>	<u>1,017,341</u>

The government's total net assets increased by \$19,253. The increase is due to more efficient management of the District's resources and capital contributions.

Capital Asset and Debt Administration

Capital Assets

The West Baton Rouge Parish Water District No. 1 investment in capital assets for its business type activities as of January 31, 2012 amounts to \$451,685 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment. The net decrease in the West Baton Rouge Parish Water District No. 1 investment in capital assets for the current fiscal year was \$20,808.

Major capital asset events during the current fiscal year included the following:

West Baton Rouge Parish Water District No. 1

Table 3

**Water District - Capital Assets
(Net of Depreciation)**

Building and system	\$451,685
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Additional information on the West Baton Rouge Parish Water District No. 1 Capital assets can be found in the **Notes to Financial Statements**.

Anticipated Rate Changes

The West Baton Rouge Parish Water District No. 1 last increased its rates in January 1999. During the fiscal period ended on January 31, 2012, unrestricted net assets increased to \$584,909. As a proprietary fund type, the District is not required to adopt a budget. It is anticipated that positive unrestricted net assets will avoid the need to raise rates.

Requests for Information

This financial report is designed to provide a general overview of the West Baton Rouge Parish Water District No. 1 finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to our Secretary/Treasurer, Monica Batiste.



CALVIN L. ROBBINS, JR.

CERTIFIED PUBLIC ACCOUNTANT

(A PROFESSIONAL CORPORATION)

Independent Auditor's Report

To the Board of Commissioners
West Baton Rouge Parish Water
Works District Number 1
Port Allen, Louisiana

I have audited the financial statements of West Baton Rouge Parish Water Works District Number 1, a component unit of the West Baton Rouge Parish Council, as of and for the thirteen months ended January 31, 2012 as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Water District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.


In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Baton Rouge Parish Water Works District Number 1 as of January 31, 2012, and the results of its operations and cash flows for the thirteen months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have issued my report dated June 14, 2012 on my consideration of the West Baton Rouge Parish Water Works District Number 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Water Works District Number 1

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Water Works District Number 1. Such information, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.


Certified Public Accountant
(A Professional Corporation)

June 14, 2012
Baton Rouge, Louisiana

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NUMBER 1

BALANCE SHEET

January 31, 2012

ASSETS

Current Assets

Cash in banks	\$113,375
Investments in certificates of deposit	470,532
Accounts receivable	37,894
Taxes receivable	<u>6,109</u>

Total Current Assets 627,910

Restricted Assets

Customers deposits - savings	\$36,628
Deferred compensation benefit investments	<u>101,666</u>

Total Restricted Assets 138,294

Property, Plant and Equipment 451,685

Total Assets \$1,217,889

LIABILITIES AND NET ASSETS

Current Liabilities

Payable from Current Assets:

Accounts payable	\$6,439
Intergovernmental payables	35,824
Refunds due customers	<u>738</u>
	43,001

Payable from Restricted Assets:

Customers deposits	\$36,628
Deferred compensation due employees	<u>101,666</u>
	138,294

Total Liabilities 181,295

Net Assets

Invested in capital assets, net of related debt	451,685
Unrestricted net assets	<u>584,909</u>

Total Net Assets 1,036,594

Total Liabilities and Net Assets \$1,217,889

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NUMBER 1
STATEMENT OF CHANGES IN NET ASSETS
For the thirteen months ended January 31, 2012

Net assets, January 1, 2011	\$1,017,341
Net income for the current year	<u>19,253</u>
Net assets, January 31, 2012	<u>\$1,036,594</u>

Net Assets at January 31, 2012 consist of the following:

Invested in capital assets, net of related debt	\$451,685
Unrestricted net assets	<u>584,909</u>
Total Net Assets	<u>\$1,036,594</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NUMBER 1
STATEMENT OF REVENUES AND EXPENSES
For the thirteen months ended January 31, 2012

OPERATING REVENUES

Water sales	\$147,499
Penalties	11,884
Installation and other fees	<u>17,529</u>
Operating revenues	176,912

OPERATING EXPENSES

Salaries	\$17,566	
Payroll taxes	192	
Per diem	6,060	
Retirement	876	
Maintenance - labor	99,904	
Maintenance - material	15,879	
Water treatment supplies	27,817	
Office supplies and postage	3,264	
Utilities	8,325	
Insurance	14,066	
Telephone	923	
Professional services	10,752	
Dumpster expense	806	
Miscellaneous	6,780	
Depreciation	30,358	
Bad debts	<u>348</u>	
Operating expenses		243,916
Operating loss		(67,004)

NON-OPERATING REVENUE

Ad Valorem taxes and revenue sharing	61,726	
Interest income	10,021	
Other income	755	
Lease income	<u>13,755</u>	<u>86,257</u>
Increase in net assets - Net income		<u>\$19,253</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NUMBER 1
STATEMENT OF CASH FLOWS

For the thirteen months ended January 31, 2012

<u>Cash Flows from Operating Activities</u>		
Receipts from customers		\$183,674
Receipts from others		2,979
Collected for other entities from customers		383,985
Payments to suppliers and providers		(189,168)
Per diem and salaries		(19,876)
Payments to other entities		(388,285)
Net cash used by operating activities		(26,691)
<u>Cash Flows from Non-Operating Activities</u>		
Ad Valorem taxes and Revenue Sharing	72,751	
Lease and other income	<u>14,510</u>	<u>87,261</u>
Net cash provided by operating and non-operating activities		60,570
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital outlays		(9,550)
Net cash provided before investing activities		51,020
<u>Cash Flows from Investing Activities</u>		
Interest income		<u>10,021</u>
Net increase in cash and cash equivalents		61,041
Cash and Cash Equivalents, January 1, 2011		<u>559,494</u>
Cash and Cash Equivalents, January 31, 2012		<u>\$620,535</u>

Cash and Cash Equivalents are shown on the balance sheet as follows:

Cash	\$113,375
Certificates of deposit	470,532
Restricted assets - customers deposits	<u>36,628</u>
Total	<u>\$620,535</u>

CONTINUED

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH WATER WORKS DISTRICT NUMBER 1

STATEMENT OF CASH FLOWS - CONT'D

For the thirteen months ended January 31, 2012

**Reconciliation of Operating Loss to Net Cash
Provided by Operating Activities**

Operating loss	(\$67,004)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	30,358
(Increase) Decreases in assets:	
Accounts receivable	4,778
Prepaid insurance	1,066
Increase (Decrease) in Liabilities:	
Accounts payable	(4,352)
Operating and maintenance payable	3,500
Refunds due customers	738
Customers' deposits	<u>4,225</u>
Net cash used by operating activities	<u>(\$26,691)</u>

The accompanying notes are an integral part of this statement.

West Baton Rouge Parish Water Works District Number 1

NOTES TO FINANCIAL STATEMENTS

January 31, 2012

Introduction

West Baton Rouge Parish Water Works District Number 1 operates a water system serving residences and businesses in parts of West Baton Rouge Parish. The Water District was created by the West Baton Rouge Parish Council under the provisions of Louisiana Revised Statutes 33:3811-3821. The Water District is governed by a board of commissioners appointed by the Parish Council. The Parish Council voted to dissolve the Water District effective January 31, 2012. All of the Water District's assets will be transferred to the Parish Council's Utility Department.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review of Subsequent Events

Management has evaluated subsequent events through June 14, 2012, the date these financial statements were available to be issued.

Basis of Presentation

The financial statements of the West Baton Rouge Parish Water Works District Number 1 of West Baton Rouge Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards. The Financial Accounting Standard Board (FASB) and the Accounting Principles Board are the accepted standard setting body for establishing accounting and financial reporting standards for entities other than governmental units. The Water District applies all FASB pronouncements and APB opinions issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

Reporting Entity

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement Number 14, the West Baton Rouge Parish Water Works District Number 1 of West Baton

(CONTINUED)

West Baton Rouge Parish Water Works District Number 1

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Rouge Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Water District. Based on the criteria set forth in GASB Statement Number 14, the Water District is a component unit of the West Baton Rouge Parish Council. The basis criteria is the Council's ability to exercise oversight responsibility. The Parish Council appoints the members of the Water District's board of commissioners and approves the District's budget.

Other criteria used to determine if a governmental unit is a component unit are financial interdependency, designation of management, the ability to significantly influence operations and accountability for fiscal matters. Based on all the criteria set forth the West Baton Rouge Parish Water Works District Number 1 of West Baton Rouge Parish has no component units.

Enterprise Fund

West Baton Rouge Parish Water Works District Number 1 is operated as an enterprise fund, and as such employs the accrual method of accounting. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water System

All assets are recorded at original cost. Interest costs incurred during and related to construction are capitalized. Depreciation is recorded on all exhaustible fixed assets over their estimated useful lives using the straight-line method. The service life of the water system is 30 to 50 years. Equipment used in providing water service is depreciated over 10 to 30 years, and office equipment from 5 to 10 years.

(CONTINUED)

West Baton Rouge Parish Water Works District Number 1

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Ad valorem Taxes and Revenue Sharing

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, they become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and the first few months of the following year. The voters of the District voted to renew the millage in October of 1998.

State revenue sharing income (which is based on population and homesteads in the District) is recognized as income on the same basis as the Ad valorem Tax.

Investment Securities

Investment securities (which are all certificates of deposit) are carried at fair market value as required by GASB Standards.

Statement of Cash Flows

For purposes of the statement of cash flows, West Baton Rouge Parish Water Works District Number 1 considers all cash and certificates of deposits (including restricted assets) as cash and cash equivalents. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Long-Term Liabilities

Long-term liabilities are recognized within the Enterprise Fund. At the present time there are no Long-Term Liabilities.

Net Assets

Net assets is the difference between assets and liabilities. Net assets are reported in three categories.

(CONTINUED)

West Baton Rouge Parish Water Works District Number 1

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Investment in capital assets, net of related debt

This category represents net assets invested in capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

Unrestricted

This represents that portion of net assets that have no restrictions on their use.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash is shown on the balance sheet under current assets and restricted assets. The carrying value of cash on deposit with financial institutions on January 31, 2012 was \$620,535. These deposits are stated at cost, which approximates market.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At January 31, 2012 the bank balances of the Districts' deposits were \$616,010. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$411,961 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Standards, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

West Baton Rouge Parish Water Works District Number 1
of West Baton Rouge Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 3. PROPERTY, PLANT & EQUIPMENT

At January 31, 2012 the Water System consisted of the following:

Water system	\$ 1,678,221
Office equipment	<u>15,679</u>
	1,693,900
Less accumulated depreciation	<u>(1,259,152)</u>
	434,748
Land	<u>16,937</u>
Net property, plant & equipment	\$ <u>451,685</u>

NOTE 4. WATER SYSTEM AGREEMENT

In 2010 the Water Works District entered into an operating agreement with the West Baton Rouge Parish Public Utility to operate the District's water system. Fees under the operating agreement are based on the number of customers served by the District. The Public Utility billed West Baton Rouge Parish Water Works District Number 1 a total of \$92,885 from January 1, 2011 to January 31, 2012. Of this amount, \$5,914 was payable at January 31, 2012.

The Public Utility also bills the Water Works District for services not covered by the operating agreement. During the current thirteen month period, the District was billed \$23,543 for these services. The Water District owed \$1,885 to the Public Utility for these services at January 31, 2012.

All amounts owed to the Public Utility, under the various agreements discussed above, are included under the Current Liabilities section of the Balance Sheet In Intergovernmental Payables.

West Baton Rouge Parish Water Works District Number 1
of West Baton Rouge Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 5. GARBAGE FEE SERVICE AGREEMENT

The West Baton Rouge Parish Water Works District Number 1 entered into a joint services agreement with the Parish Council during 1986 whereby the District bills and collects a garbage collection fee on behalf of the Parish Council. The District retains thirty-three cents per customer every month to cover its billing expenses (classified as Collection Fees on the Statement of Revenue and Expenses). The remainder is remitted to the Parish Council as collected. At January 31, 2012, the District had collected but not remitted \$14,859 to the Parish Council. This payable is included under the Current Liabilities section of the Balance Sheet in Intergovernmental Payables.

NOTE 6. SEWER FEE SERVICE AGREEMENT

The West Baton Rouge Parish Water Works District Number 1 entered into a joint services agreement with the Town of Addis during 2008 whereby the District bills and collects sewer user fees for sewer systems within the District on behalf of the Town and remits the fees to the Town. No compensation is paid to the District, but the Town accepts customers' payments on behalf of the District. The District had collected but not remitted \$13,166 to the Town of Addis. This payable is included under the Current Liabilities section of the Balance Sheet in Intergovernmental Payables.

West Baton Rouge Parish Water Works District Number 1
of West Baton Rouge Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

January 31, 2012

NOTE 7. RISK MANAGEMENT

The Water District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The District purchases commercial insurance policies at levels which management believes is adequate to protect the District. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

West Baton Rouge Parish Water Works District Number 1
of West Baton Rouge Parish, Louisiana

SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ending January 31, 2012

Cost at January 1, 2011	\$ 1,701,287
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System additions	<u>9,550</u>
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Cost at January 31, 2012	\$ <u>1,710,837</u>
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All additions shown above were made with the system's own funds.

West Baton Rouge Parish Water Works District Number 1
of West Baton Rouge Parish, Louisiana

SCHEDULE OF PER DIEM PAYMENTS

For the thirteen months ending January 31, 2012

The following amounts of per diem were paid to the members of the governing authority of West Baton Rouge Parish Water Works District Number 1 for the thirteen months ended January 31, 2012:

	<u>Number of Meetings</u>	<u>Amount</u>
Hewitt Bouquet	13	\$ 780
Shane Lopez	12	720
Gesner LeBlanc	13	780
Vonda Albarez	11	660
Lytle Chustz	13	780
Ray A. Rivet	13	780
Ernest Grant, Jr.	13	780
Roy Guidry	13	<u>780</u>
Total		\$ <u>6,060</u>



CALVIN L. ROBBINS, JR.

CERTIFIED PUBLIC ACCOUNTANT

(A PROFESSIONAL CORPORATION)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
West Baton Rouge Parish
Water Works District Number 1
the Parish President, and the
Chairman and Members of the West
Baton Rouge Parish Council
Port Allen, Louisiana

I have audited the financial statements of West Baton Rouge Parish Water Works District Number 1, a component unit of the West Baton Rouge Parish Council, as of and for the thirteen months ended January 31, 2012, and have issued my report thereon dated June 14, 2012. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered Water District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Water District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be

deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I considered to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

DEFICIENCIES

1. An important element in designing an internal accounting control system that safeguards assets and reasonably insures the reliability of the accounting records is the concept of segregation of responsibilities. No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions:

- 1) Authorization of a transaction;
- 2) Recording of the transaction; and
- 3) Custody of assets involved in the transaction.

Entity Response

Due to the small size of the organization, a proper segregation of duties is not possible with respect to cash transactions. Management believes it is not practical or cost effective to correct this weakness. They have taken steps to compensate for this weakness. This is a repeat finding.

2. The District does not have employees with sufficient expertise and training to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). This is a repeat finding.

Entity Response

The District's management is aware of this condition, and feels hiring an employee with the requisite qualifications would be cost prohibitive. They feel the most cost effective solution is to have their external auditor assist in preparing year end financial statements in accordance with GAAP. This is a repeat finding.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Water Works District Number 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District management's responses to the deficiencies identified in our audit are described above. I did not audit the District management's responses and accordingly express no opinion on them.

This report is intended solely for the information of the District's management, the District's Board of Commissioners, the Parish President, the Parish Council and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant
(A Professional Corporation)

June 14, 2012
Baton Rouge, Louisiana